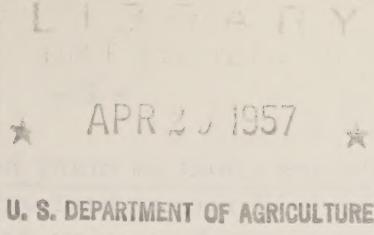


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The net income realized by farm operators this year is up slightly from 1955, the first increase since 1951, and another gain is likely in 1957.

Strong demand from consumers, increasing shipments of farm products abroad, the Soil Bank and reduced hog marketings are keys to the income outlook for 1957.

Economic activity is expected to continue to expand into 1957. Investment outlays by business--up sharply this year--will rise further in the first part of 1957...may level off later in the year. Spending by government--Federal, State and local--is expected to be up again. The consumer market will be strong. These increased demands will mean high production and employment...a further rise in consumer income.

Consumers are likely to boost food expenditures at about the same rate as their income increases. But the costs of marketing food are expected to continue high...only part of the increased expenditures for food will go to farmers.

Prospects are good for a strong foreign market. Farm exports have increased steadily the last 4 years. With the Government continuing to help finance our exports, increased shipments are likely in 1956-57.

Around 40-45 million acres could go into the Soil Bank in 1957...at least 20 million in the acreage reserve from wheat, cotton, corn, and other basic crops...the remainder in the conservation reserve. This should reduce total crop production in 1957, but won't affect marketings until the last half of the year.

Meanwhile, farmers will have plenty to sell. Farm production this year set a new record and stocks of wheat, cotton, corn and rice were at new highs as the crop year began.

Reduced hog production this fall will cut meat production in 1957, halting a 5 year increase. Beef production will stay near the 1956 volume, and output of dairy and poultry products is likely to set new records.

These prospects--strong demand, increased exports, a reduction in output--point to the likelihood of a slightly higher price level in 1957 than this year. Though farm marketings may be down a little, higher prices and payments under the Soil Bank will more than make up the difference. Consequently, gross income should be up a little.

Prices paid by farmers, particularly for items produced by industry, are likely to continue slowly upward. But with fewer acres being farmed, total production expenses of farmers probably will be about the same as in 1956.

LIVESTOCK. Hog prices during much of 1957 are likely to be generally at the highest level since 1954, because of the reduction in this fall's pig crop. But higher prices and the big supply of corn may stimulate increased farrowings by the middle of the spring season. Hog prices in the fall of 1957 are likely to be closer to a year earlier than in the first half.

Cattle production is stable and about as many head are likely to be slaughtered in 1957 as in 1956. But lighter weights will reduce beef output a little. Prices may average slightly higher than this year. Much the same is in view for sheep and lambs...not much change in slaughter...slightly higher prices.

DAIRY. Milk output next year probably will be up to between 129 and 130 billion pounds from the 127 billion estimated for 1956. Prices to farmers are above average in relation to hogs and feed and the rising trend in output per cow will continue. Consumer demand for dairy products will be at least as strong as in 1956. But with output going up prices to dairymen will continue to be influenced by support levels. Supports for the April 1957-March 1958 year have not yet been announced.

POULTRY PRODUCTS. Production of eggs, broilers and turkeys in 1957 is expected to exceed the 1956 peaks. Prices of eggs and turkeys are likely to average a little below this year but broiler prices may be up slightly.

FATS AND OILS. Production of food fats is up but stocks are down and the supply for 1956-57 will be about at last season's record level. Supplies of vegetable oils are higher this year because of record soybean production but lard and butter are lower.

Exports of fats and oils are expected to continue high while domestic use will be up slightly with the increase in population.

FEED. Feed grain production in 1956 is down slightly from 1955 but with fewer hogs to be fed, the carryover next October 1 probably will be a tenth higher than this year's record. The total supply of feed concentrates for 1956-57, including production and stocks, is close to the 1955-56 peak.

Smaller production and higher supports for oats, barley and sorghum grains are expected to hold feed grain prices at a higher average this winter and spring than last year. However, corn prices may not rise as much as last year.

WHEAT. Farmers may put about 13 million acres of wheat land in the Soil Bank. This would reduce production enough to result in a substantial reduction in the carryover by the end of the 1957-58 marketing year.

FRUIT. Consumer demand for fruit next year is expected to be at least as strong as this year while exports are likely to increase. Production of deciduous fruits is not likely to be much different from this year if the weather is average but increased production of oranges is likely.

VEGETABLES. Supplies of processed vegetables for distribution into mid-1957 are well above those of a year earlier. Prices at retail are expected to average a little lower.

Supplies of potatoes for the fall and winter are substantially larger than last year and in excess of normal market requirements. Prices have dropped sharply in recent months, but remain above a year earlier.

COTTON. A sharp rise in exports is expected to reduce the cotton carryover during 1956-57 for the first time since 1950-51. Shipments abroad are expected to considerably more than double the low 1955-56 exports, mainly because of small stocks abroad and the reduction in the U. S. export price. U. S. mill consumption, may be down somewhat.

WOOL. Gross income from sheep in 1956 will be the highest in several years. The gain is due to government payments received this year on marketings of lambs and wool in 1955. Growers cash returns from wool on the open market are expected to be below 1955.